

HCS SS SCS SB 555 -- ELECTRICITY FOR SMELTING FACILITIES

SPONSOR: Kinder (Black)

COMMITTEE ACTION: Voted "do pass" by the Committee on Communications, Energy, and Technology by a vote of 14 to 6.

This substitute allows certain aluminum smelting facilities to purchase electrical power on the open market without regulation by the Public Service Commission. To be eligible, the facility must be in a county of the second classification, must have used more than three million megawatt hours of electricity in a calendar year, and must have been served by a municipally owned utility and an electric generating cooperative owned by rural electric cooperatives. The initial unregulated contract must not have a negative financial impact on previous power suppliers or their customers, reduce service reliability to other customers, or reduce local or state tax revenue. The smelting facility cannot resell the power to anyone except the original provider. Local or past suppliers of electrical power will no longer have any obligation to provide service to the facility.

The substitute also allows municipalities to purchase electricity and ancillary services from any supplier without regulation beyond the approval of the governing board of the municipality.

The substitute contains an emergency clause.

FISCAL NOTE: No impact on state funds.

PROPOSERS: Supporters say that Noranda Aluminum provides major economic benefits to some of the poorest counties in the state. Electrical power accounts for about one-third of the company's operating costs, and the bill as it passed the Senate provides the flexibility in contracting to purchase power that the company needs to survive.

Testifying for the bill were Senator Kinder; Representative Black; Noranda Aluminum, Inc.; Harvey Cooper; Missouri Chamber of Commerce; and Missouri Association of Municipal Utilities.

OPPOSERS: Those who oppose the bill say that it contains insufficient safeguards to prevent the company from closing the plant and reselling the power on the open market.

Testifying against the bill were United Steelworkers of America; and AFL-CIO.

Terry Finger, Senior Legislative Analyst